

Message Text

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PAGE 01 KUALA 09813 140925Z
ACTION EA-06

INFO OCT-01 ISO-00 ONY-00 SSO-00 /007 W
-----007681 140929Z /13

O 140803Z SEP 78
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC IMMEDIATE 8254

C O N F I D E N T I A L KUALA LUMPUR 9813

LIMDIS

EA ONLY

E. O. 11652: N/A
TAGS: MARR, PEPR, PINS, SHUM, MY, US
SUBJ: FY 80 SECURITY ASSISTANCE PROGRAM

REF: A) STATE 226384, B) STATE 220959, C) SECURITY ASSISTANCE
DECISION UNIT OVERVIEW MALAYSIA, AS REV. 08-17-78.
D) KUALA LUMPUR 8980, E) STATE 204484 AND PREVIOUS
RE FY-78 FMS CUTS, F) KUALA LUMPUR 7437, G) KUALA
LUMPUR 7386, H) KUALA LUMPUR A-013, 02/13/78

1. WE ARE CONCERNED ABOUT ADVERSE IMPLICATIONS
OF PROJECTED FMS AND IMET CUTS PROJECTED FOR
MALAYSIA FOR FY-80 AND BYONE AS REPORTED IN
REFS A AND B, PARTICULARLY SINCE MALAYSIA IS THE
ONLY EA COUNTRY BEING SINGLED OUT FOR DRASTIC
REDUCTIONS. ASIDE FROM THE CUTS THEMSELVES, WE
ARE CONCERNED THAT THE GOM WILL INTERPRET THIS AS
DISCRIMINATORY TREATMENT AND AS SOMEHOW
DIRECTEDSPECIFICALLY AGAINST MALAYSIA, AND SO IMPLICITLY
COUNTER TO THE SPIRIT OF THE RECENT US-ASEAN DIALOGUE.

2. OUR POLICY INSTRUMENTS WITH REGARD TO MALAYSIA
ARE LIMITED (E. G. WE HAVE A LARGE PEACE CORPS
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PAGE 02 KUALA 09813 140925Z

PROGRAM BUT NO AID PROGRAM) AND IN THIS CONTEXT
OUR FMS CREDIT AND IMET PROGRAMS ASSUME CONSIDERABLE
IMPORTANCE IN OUR BILATERAL RELATIONS. NO ONE
ARGUES WITH THE FACT THAT MALAYSIA IS A VERY
PROSPEROUS, WELL-MAGAED "MIDDLE-TIER" COUNTRY AND
THEREFORE CAN AFFORD TO PURCHASE FOR "CASH ON THE
BARREL HEAD" MOE WEAPONRY THAN IT HAS UP TO NOW.

HAVING ABJURED ARMS RACES WITH ITS NEIGHBORS, THE GOM HAS COME TO US FOR MODEST AMOUNTS OF ASSISTANCE IN MEETING LEGITIMATE DEFENSE NEEDS. THE FMS CREDITS ARE APPRECIATED FOR THEIR CONCESSIONAL ASPECTS, BUT MORE IMPORTANT IS THE TANGIBLE DEMONSTRATION OF OUR INTEREST IN THEIR SECURITY THAT THIS PROGRAM PROVIDES. OUR CONCERN IS THAT THIS WILL APPEAR LESS TANGIBLE, AND THE SYMBOLIC VALUE WILL ERODE, ESPECIALLY IF MALAYSIA IS SINGLED OUT.

3. THE GOM MAY WELL EXPECT SOME MODEST REDUCTIONS IN FMS AVAILABILITIES IN COMING YEARS, AND THE WORKING LEVEL IS QUITE AWARE OF SOME OF THE PROBLEMS THEIR BUREAUCRATIC PROGRAMMING DELAYS HAVE CREATED FOR US AND CONSEQUENTLY DISADVANTAGED THEM IN OUR "FIRST COME, FIRST SERVED" FUNDING PROCESS. HOWEVER, A PRECIPITATE REDUCTION IN CREDIT AVAILABILITY FOR MALAYSIA ALONE, BRINGING IT BELOW THE DOLLAR TEN MILLION LINE, WILL UNDOUBTEDLY BE SEEN BY THEIR LEADERSHIP AS CONTRADICTING OUR POLICY PRONOUNCEMENTS RE MAINTAINING INTEREST IN SOUTHEAST ASIA, PARTICULARLY IN THE ASEAN COUNTRIES. AT THE VERY LEAST WE WILL NEED CLEAR AND PERSUASIVE GUIDANCE ON THE RATIONALE BEHIND THESE CUTS AND AS TO WHY MALAYSIA

CONFIDENTIAL

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PAGE 03 KUALA 09813 140925Z

IS SINGLED OUT.

4. OUR GREATEST CONCERN IS OVER IMET. HOW CAN WE JUSTIFY TO THE GOM INCREASING THE BURMESE ALLOTMENT AT THE EXPENSE OF MALAYSIA (WHICH HAS JUST HAD ITS FIFTH FREE NATIONAL ELECTION)? NOT ONLY DOES THIS SEVERAL HUNDRED THOUSAND DOLLAR PROGRAM SERVE AS A MILITARY COUNTERPART OF THE IVP, FOSTERING CONTACTS AND INFLUENCE WITH MALAYSIAN MILITARY, BUT IT ALSO ACCORDS DIRECTLY WITH OUR HUMAN RIGHTS INTERESTS BY EXPOSING MALAYSIA MILITARY PERSONNEL TO U.S. VALUE AND INSTITUTION.

5. IT IS ALSO IMPORTANT TO REMEMBER THAT MALAYSIA FACES A SMALL BUT CONTINUING COMMUNIST INSURGENCY. THE GOM IS DEALING WITH IT EFFECTIVELY, BUT IT TAKES IT VERY SERIOUSLY AND CONSIDERS IT A LONG-TERM PROBLEM DIRECTLY RELATED TO THE SECURITY OF THE ASEAN REGION IN ADDITION TO MALAYSIA'S OWN INTERNAL SECURITY. WE STRONGLY URGE THAT A WAY BE FOUND TO AVOID SINGLING MALAYSIA OUT AND THAT CONSIDERATION BE GIVEN TO ADOPTING AN ASEAN-

WIDE POLICY TOWARD FMS THAT WILL REFLECT A CONSISTENT U.S. ATTITUDE TOWARD THE ASEAN REGION WITH REGARD TO FMS. FOR THESE REASONS, WE BELIEVE THAT THE PROJECTED FY 80 FMS LEVEL FOR MALAYSIA SHOULD BE SOMETHING CLOSE TO THE DOLLAR THIRTEEN MILLION WE RECOMMENDED PREVIOUSLY AND AS INCORPORATED IN PACKAGE 3 IN REF C. IN ANY CASE, WE STRONGLY BELIEVE IMET SHOULD NOT BE REDUCED BELOW DOLLARS SIX-HUNDRED THOUSAND AS PREVIOUSLY RECOMMENDED.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SECURITY, PROGRAM ASSISTANCE, MILITARY ASSISTANCE PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 sep 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KUALA09813
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780373-0765
Format: TEL
From: KUALA LUMPUR
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780967/aaaacdfr.tel
Line Count: 126
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d2182250-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY
Reference: 78 STATE 226384, 78 STATE 220959
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 11 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1435336
Secure: OPEN
Status: NATIVE
Subject: FY 80 SECURITY ASSISTANCE PROGRAM
TAGS: MARR, PEPR, PINS, SHUM, MY, US
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/d2182250-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014